

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF THE OVERLAND	)	
DEVELOPMENT COMPANY, INC.,	)	
FOR AN ADJUSTMENT OF RATES	)	CASE NO. 8876
PURSUANT TO THE ALTERNATIVE	)	
PROCEDURE FOR SMALL UTILITIES	)	

O R D E R

IT IS ORDERED that the Overland Development Company, Inc., ("Overland") shall file an original and seven copies of the following information with the Commission with a copy to all parties of record by August 23, 1983. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Furnish the following information concerning purchased water expense:

a. What prompted Overland to purchase water from the Big Sandy Water District rather than use its wells for the production of water?

b. The Commission finds that Overland has computed its pro forma water expense on the basis of the usage for 12 months ending December 31, 1982, of 4,750,000 gallons. Overland submitted a revised annual report based on the fiscal year August 1, 1981, through July 31, 1982, and requested that this period be used as the test period in computing revised rates. If

the Commission is to accept all figures contained in the annual report for the year ending July 31, 1982, it must also compute the pro forma cost of water on the basis of 4,100,000 gallons to maintain consistency. If Overland has objections to this it should state so in the reply to this Order.

2. Overland projects pro forma expense of \$1,960 for maintenance and repairs. Is there any expense attributable to the connection of new customers included in this account (cost of meters, service lines etc.)?

3. Furnish the following information concerning pro forma salary expense of \$4,208:

- a. Name of each employee.
- b. Service performed for Overland and the number of hours regularly worked each pay period.
- c. Amount paid (monthly, weekly, or hourly basis).

4. The following questions are directed to the depreciation schedule of Overland dated July 31, 1982, and the related depreciation expense of \$5,257 charged to operating expenses:

a. What percentage of time are the dozer and the tractor utilized in the operation of the water system only?

b. the Commission finds that the depreciation schedule includes depreciation expense computed on developmental cost related to black top and roadways of \$1,666. The Commission considers this depreciation to be a non-utility item of expense. Do you concur in this opinion? If not, please state the reasons why.

c. The depreciation schedule shows that the computations have been made on the double declining balance method. It is the Commission's policy to allow only depreciation expense which has been computed on the straight-line method. Moreover, the Commission, deducts from gross plant in service all contributions made by Overland's customers for construction purposes and applies the straight-line percentages to the balance of gross plant for rate-making purposes. If you object to this policy, so state.

d. Please note the Commission's computations on Overland's depreciation schedule attached.

5. The revenue section of the July 31, 1982, annual report, shows that Overland received \$525 from its customers as a charge for new meter service. Please submit the total amount of contributions made by customers when connected to the water system.

6. On page 2 of the 1982 annual report, the section entitled "Long Term Debt" shows a balance of \$30,000 at an interest rate of 6 percent. Does Overland consider the accrued interest for 1982 of \$1,800 to be corporate debt for utility purposes? State the purpose the proceeds of the debt were used for.

7. Submit a detailed analysis for administrative and office expenses of \$1,350. Also, is the office shared with any other company other than Overland's water system?

8. Furnish proof of proper notification by Overland to its 65 customers of this rate increase proposed and submitted to this Commission for approval.

Done at Frankfort, Kentucky, this 8th day of August, 1983.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Secretary

# DEPRECIATION SCHEDULE

July 31 1982

EQUIPMENT	DATE	INVEST CREDIT	COST	PRIOR YEARS	METHOD	RATE	DEPR. 1981-82		ALLOWANCE 7-31-82		BALANCE
							1981-82	7-31-82			
Dozer	4-74	195.55	8,381.00	8/12/80	DB	25%	205.00	83,200.00	83,200.00		
J.O. TRACTOR	4-79	800.00	1,200.00	4/8/80	DB	25%	216.00	9,000.00	9,000.00		
			3,519.00	6/13/80			349.00				
OFFICE EQUIPMENT											
Victor Adding Machine	8-1-71		68.25	5/8-75	DDI	10%	6.83		5,715		
Typewriter	4-1-79	11.87	118.74	5/8-75	DDI	10%	11.87	1,400.00	1,400.00		
Desk	7-1-80	35.00	314.95	9/8-80	DDI	10%	31.49	1,600.00	1,400.00		
			536.94	10-7-80			50.70	6,000.00	2,100.00		
WATER SYSTEM											
Tanks	4-1-72		8,231.10	2/3/80	DB	10%	333.11	154,000.00	154,000.00		
Water Lines	4-1-72		9,816.98	6/12/80	DDI	5%	490.85	35,000.00	35,000.00		
Improvements	1974-75	136.63	2,951.92	9/8-80	DDI	5%	97.60	1,000.00	1,000.00		
Water Lines	1976-77	1,250.00	12,500.00	1/20/80	DDI	5%	625.00	11,000.00	11,000.00		
Additions	1977-78	450.00	4,500.00	1/18/80	DDI	5%	225.00	3,000.00	4,000.00		
Improvements	1978-79	160.00	1,600.00	3/8-80	DDI	5%	80.00	1,000.00	4,000.00		
INSTRUMENTS	1978-80	1,230.00	1,230.00	1/18/80	DDI	5%	615.00	1,000.00	1,000.00		
	1978-81	216.71	2,167.13	11/6-80	DDI	10%	216.71	3,000.00	2,000.00		
DEVELOPMENT COSTS			4,800.00	18/19/80			867.30	3,000.00	2,000.00		
Recreation Area	1974-75	101.95	2,304.73	2/6-80	DDI	20%	380.00	3,000.00	3,000.00		
Black Top	1977-78		8,800.00	2/6-80	DDI	10%	1,600.00	13,000.00	13,000.00		
Roadways	1977-78		304.22	10/4/80	DDI	20%	1,200.00	1,000.00	1,000.00		
Roadways	1978-79		1,564.70	7/8-80	DDI	20%	312.94	1,000.00	1,000.00		
Roadways	1979-80		3,576.08	10/6-80	DDI	20%	715.22	1,000.00	1,000.00		
Roadways	1979-80		10,203.00	5/5-80	DDI	20%	2,040.60	1,000.00	1,000.00		
			28,400.00	7/25/80			5,680.00	37,000.00	37,000.00		